



MAXIMIZING BUSINESS VALUE THROUGH IT STAGE GATE GOVERNANCE

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PMI Champlain Valley Chapter
Monthly Chapter Meeting

October 19, 2016



TONIGHT'S AGENDA

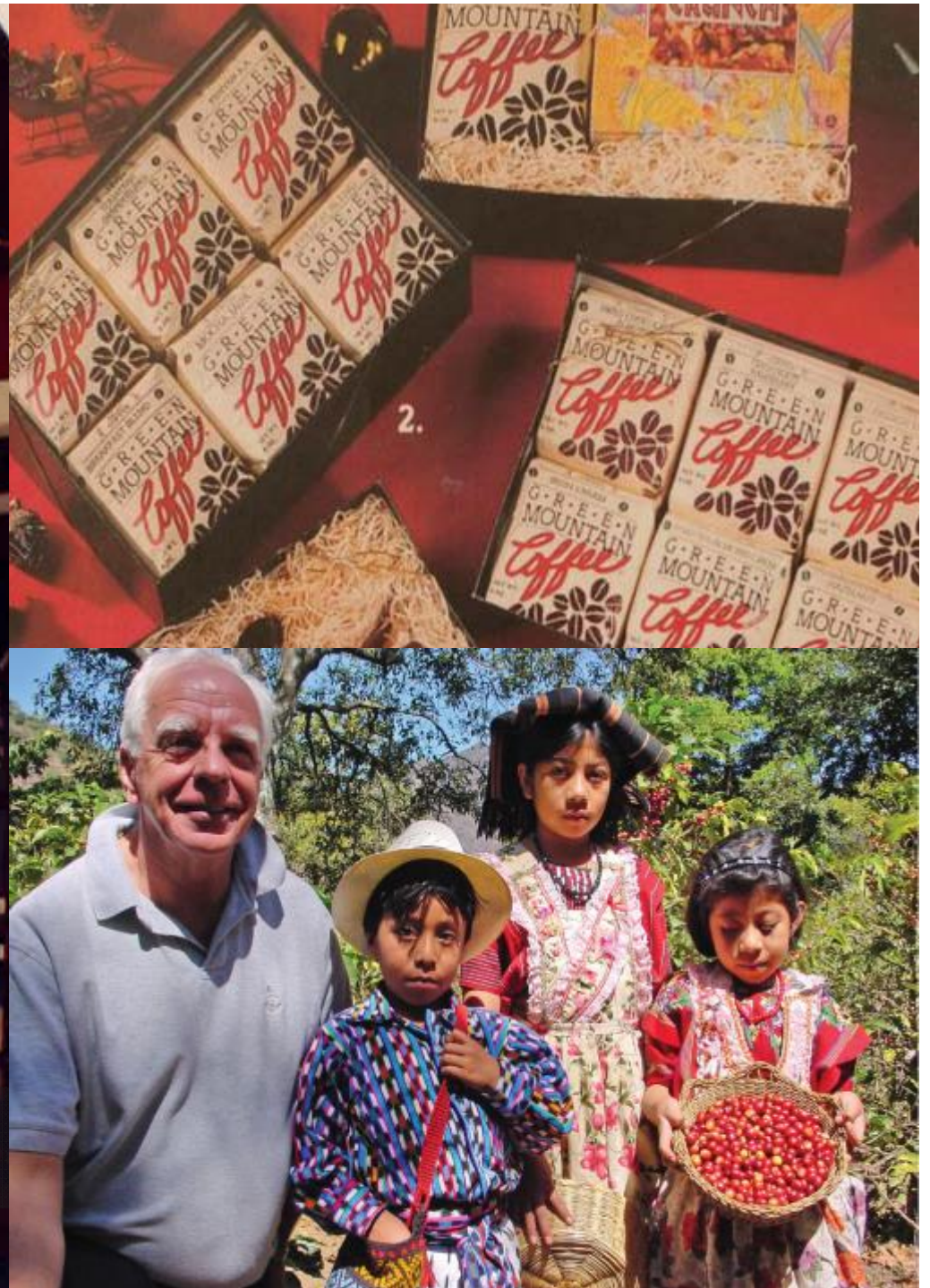
Maximizing Business Value thru IT Stage Gate Governance

- Keurig Green Mountain Overview
- Initial Business Problem
- Solution Stand Up
 - ✓ Design Principles
 - ✓ Execution Approach
 - ✓ What to Avoid
- Solution Realized
- Business Value Realized
- Where we are Headed Next
- Feedback & Close





1981



A composite image featuring a hand holding a tray of coffee beans on the left and a close-up of a coffee machine's internal mechanism on the right. The text 'COFFEE & TECHNOLOGY' is overlaid in the center, with a large yellow ampersand. The year '2006' is at the bottom.

COFFEE & TECHNOLOGY

2006

FY 2015

KEURIG
GREEN MOUNTAIN

80+ BRANDS
IN THE KEURIG® SYSTEM

INCLUDING ALL OF THE
TOP 10 BEST-SELLING
COFFEE BRANDS
IN AMERICA

282,220
People in our supply
chain engaged to
significantly
improve their
livelihoods through
Keurig funded projects

#1
COFFEE BREWER
BRAND IN THE US

Based on NPD All Channels, by category
dollar sales 52 weeks ending 9/30/15

Over
575
VARIETIES
IN THE KEURIG® SYSTEM

50M+
BREWERS SOLD
(as of end FY 2015, global)

TOP 5 KEURIG-OWNED
BEVERAGES

Based on NPD All Channels, by category dollar sales 52 weeks ending 9/30/15

NET SALES
FY 2015
\$4.5
BILLION

**43RD MOST
INNOVATIVE
COMPANY
IN THE WORLD**

Forbes Most Innovative
Companies 2015

**2015
BRAND
OF THE
YEAR**

in the
SINGLE SERVE
COFFEE MAKER
CATEGORY

**4 YEARS
IN A ROW**

2015 Harris Poll EquiTrend Equity Study

WASTE DIVERTED
FROM LANDFILL
88%

Water restored
for natural and
community uses
524
MILLION
GALLONS

through Keurig funded projects

2
APPLIANCE LAUNCHES
FEATURING KEURIG® KOLD™ & KEURIG® K200 BREWER

6,000
EMPLOYEES
GLOBALLY

NEW BEVERAGES:
**200+ VARIETIES
20+ BRANDS**

Featuring Green Mountain
Coffee® Coffeehouse, Green
Mountain Coffee® Organic,
and Laughing Man®

71 EMPLOYEES
WENT ON A
SOURCE TRIP
TO THE COFFEELANDS

COFFEE PURCHASED FROM
**TRACEABLE
SOURCES**
68%

KEURIG® BREWERS
TOP 8
COFFEE
MAKERS

by dollar value
according to NPD

GREEN COFFEE
PURCHASED
247
MILLION
POUNDS

NEWSWEEK
GREEN RANKING
14
2015

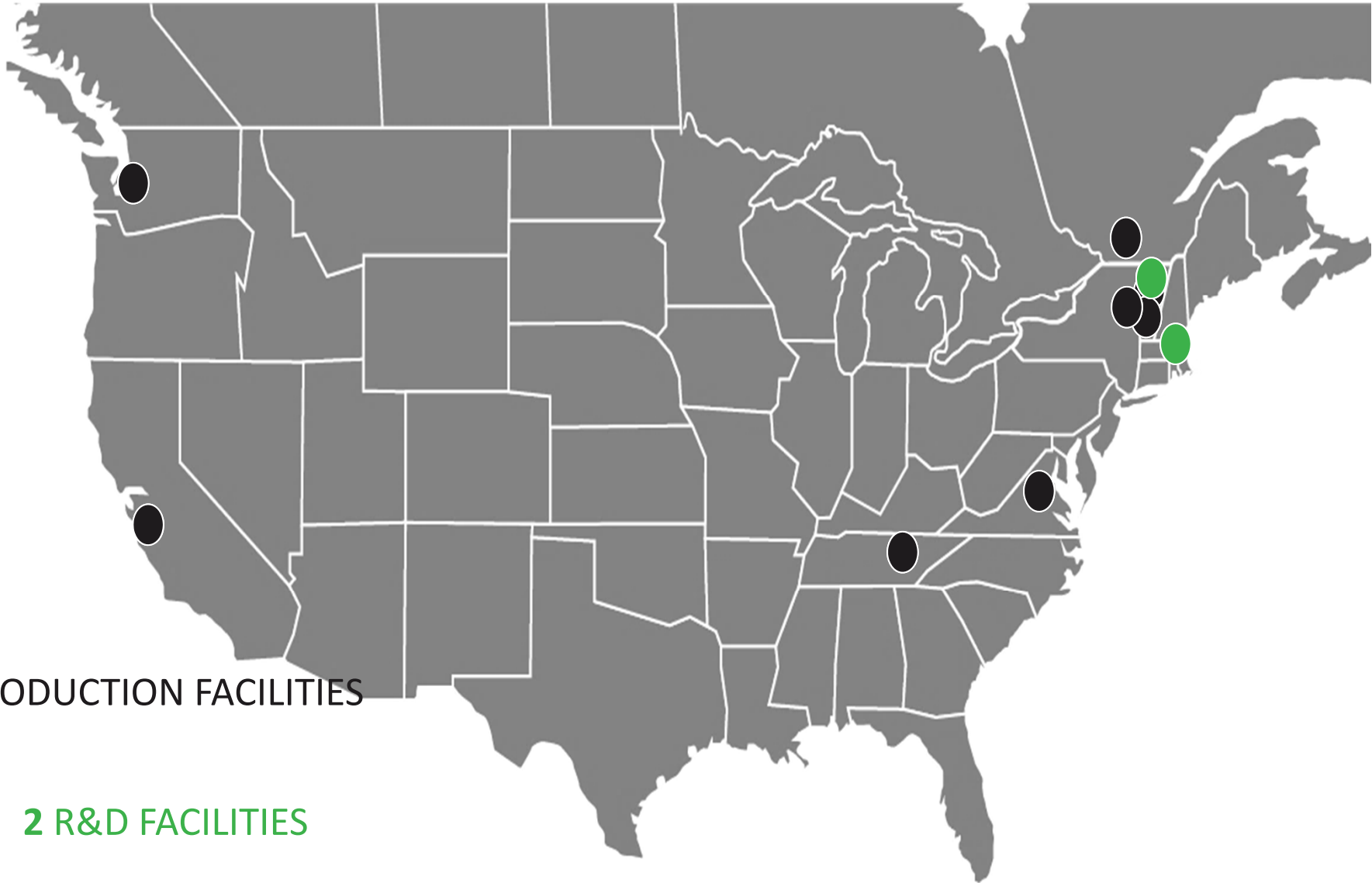
**GREEN
MOUNTAIN
COFFEE®**

#1 AMERICA'S
SINGLE
SERVE
COFFEE
BRAND

Based on IRI Infoscan data, Single Cup Coffee
Sub-Category, Total U.S. - IRI Multi Outlet,
52 week period ended 7/5/15

VOLUNTEERISM
55%
PARTICIPATION

OVER 62K
TOTAL HOURS



8 PRODUCTION FACILITIES

2 R&D FACILITIES

6,000+ EMPLOYEES

425+ ENGINEERS & SCIENTISTS

THE FIRST **RECYCLABLE** K-CUP® PODS ARE HERE



IT STAGE GATE - INITIAL BUSINESS PROBLEM

Enabling One Conversation Focused on IT Project Intake & Execution

- **Control** Multiple paths available for IT Project Launch
- **Priority** All projects were equal and typically approved
- **Oversight** Little to no follow up thereafter
- **Definition** The 'Challenge of Gate 0'
- **Linkage** No tether or tie back to:
 - Execution Strategy
 - Ownership
 - Budget
 - Resources
 - ROI
- **Execution** Projects launched fell into Silos
- **Outcome** Little to no assessment of Business Return



Needed: One common conversation with consistent criteria for evaluating project delivery on a level field of Governance

APPROACH TAKEN

Look-Back over Culture, History and Best Practice before Jumping In

Design Principles:

- Flexible & Supportive
- Universal across IT
- No “Kill Boxes”
- No “Spin Loops”
- I ➡ P ➡ O Logic
- User Friendly across IT
- Leverage Existing Assets
- Scalable to Organization
- Graduated by Tier

*Something unique to
Keurig Green Mountain...*

Execution:

- Top Down Executive Support
- Full adoption - No exceptions
- Timed to start of Fiscal Year
- Phased Roll-out
 - ✓ Project Intake
 - ✓ Delivery Excellence
 - ✓ Strategic Road Maps
- Functional Roadmaps
- Collaboration Across Enterprise

*...willingly adopted for
added Business Value.*

AND WHAT WE WANTED TO AVOID

Let's Face it, We've all been there...

Use clear and unambiguous business terms, language and metrics – Don't make stuff up.

1



2

Avoid putting Single Individuals in the path toward approval and delivery – Anchor on multi-perspective collaboration for decision-making



3

No Ambushes – Be clear about Expectations, Preparation and Outcomes



4

Use Relevant Gate Criteria – Gates reviews must meaningfully contribute to outcomes



KEURIG IT STAGE GATE PROCESS

Full Life-Cycle Governance for IT Solution Development and Operation

- **What is it?**

IT Stage Gate is the Keurig IT Organization's process to manage the expenditure of **Capital, Expense, Labor** and **Assets** for execution of **IT Projects** while negotiating the operational constraints for overall IT delivery of strategic initiatives and capabilities.

- **How does it Operate?:**

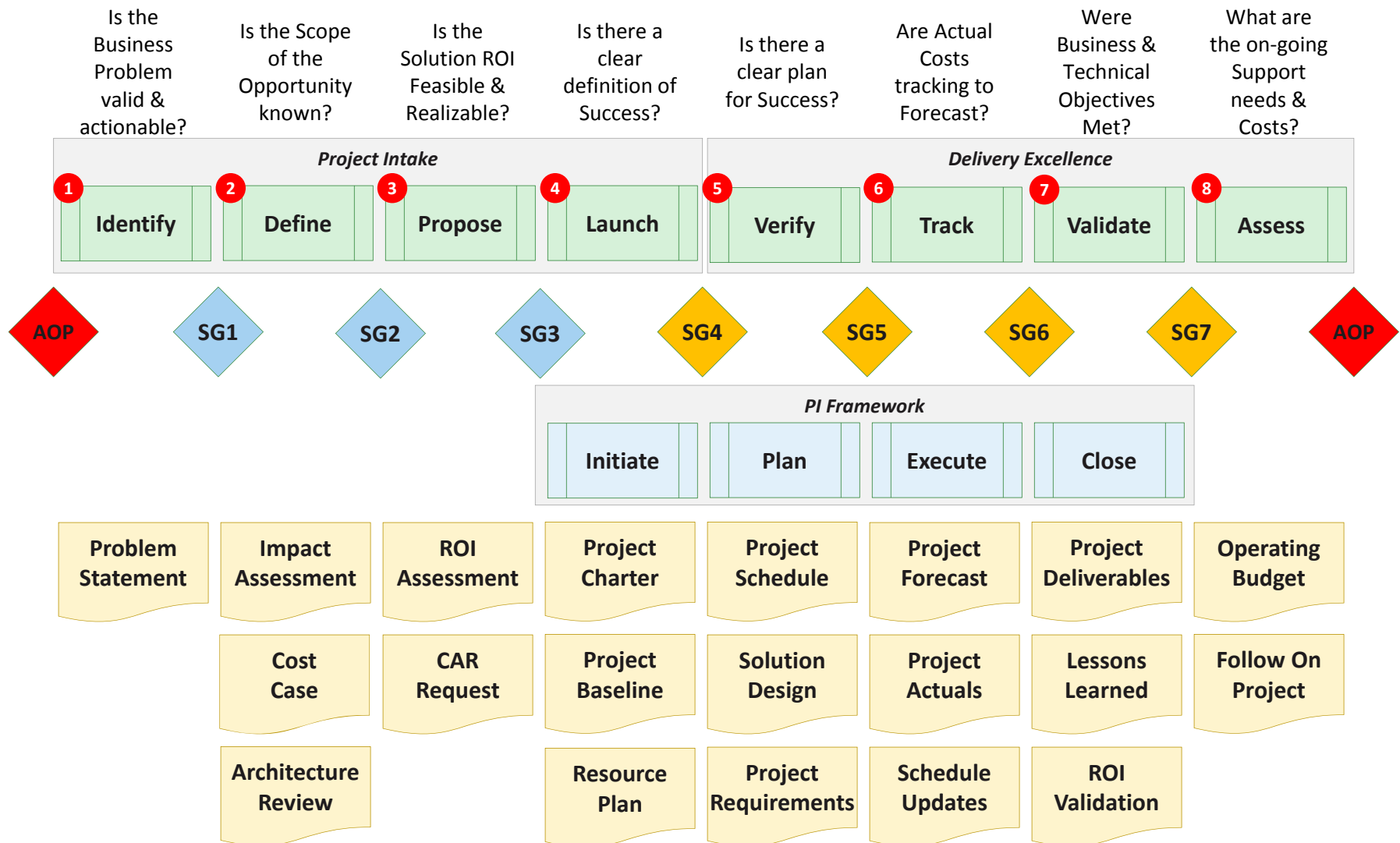
- Is driven by **IT Functional Roadmaps** to identify, prioritize, and execute IT Projects aligned to Business Strategic Objectives and Initiatives
- Operates within the **Annual Operating Plan (AOP)** budget and process boundaries
- Is inclusive of **Project In-Take** and **Delivery Excellence** processes

- **Why have it?:**

- Establishes a consistent **IT Governance** Framework and Methodology
- Provides for Project **Delivery Excellence** and **Financial Performance** Scorecards
- Coordinates execution of **multiple sub-processes** through Project Life-Cycle execution
- Links **AOP (Finance)** and **PPM (IT)** processes and systems for planning and execution efficiency
- Creates an operational basis for alignment and reporting on **Keurig Strategic Initiatives**

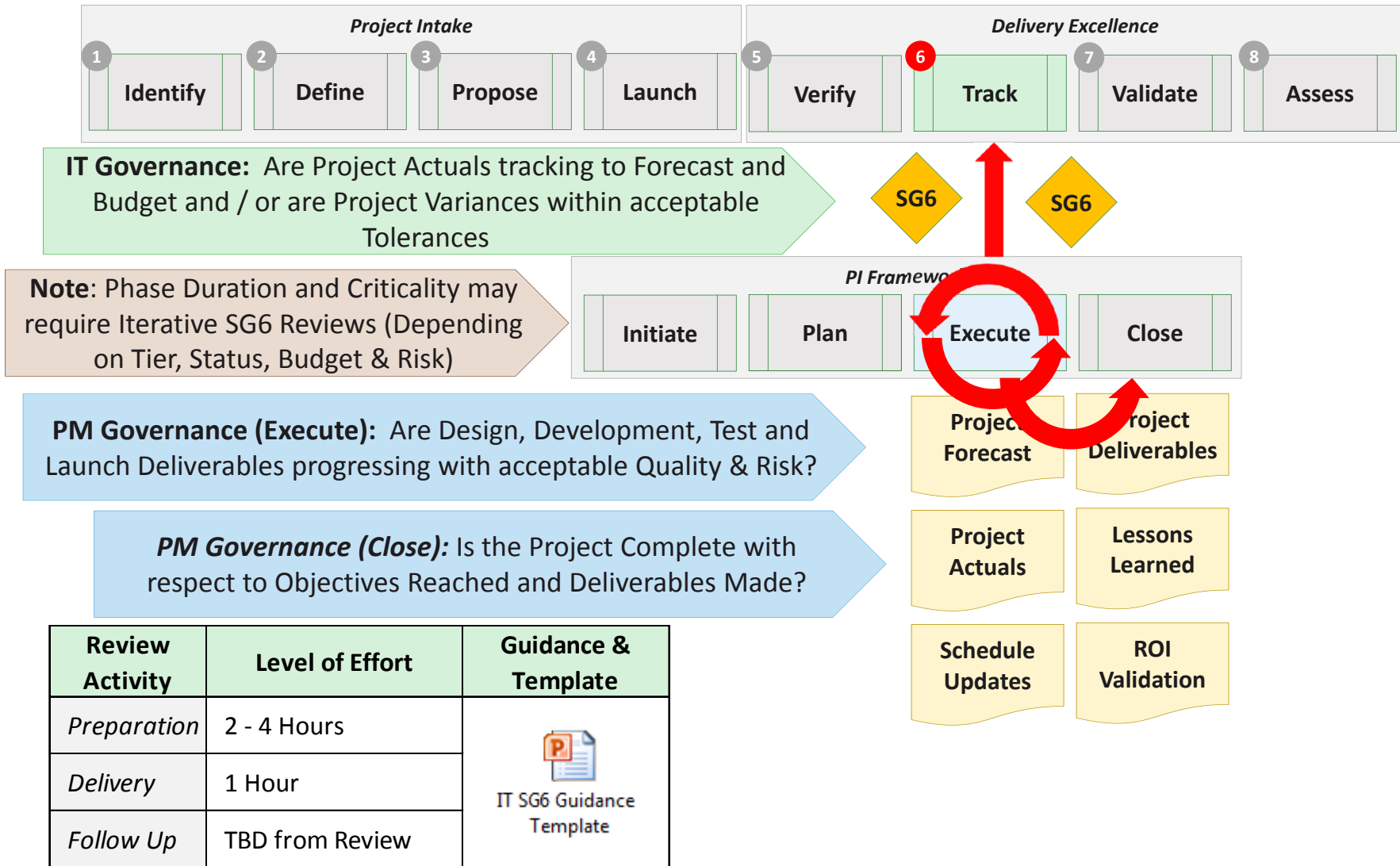
IT STAGE GATE PROCESS

Full Life-Cycle Governance for IT Solution Development and Operation



STAGE GATE 6 – PROCESS ORIENTATION

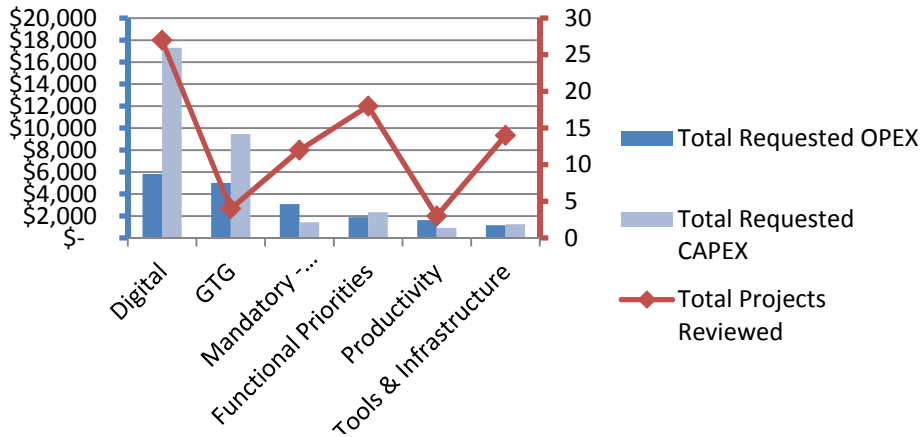
Verification that Progress is Tracking to Budget & Time Constraints



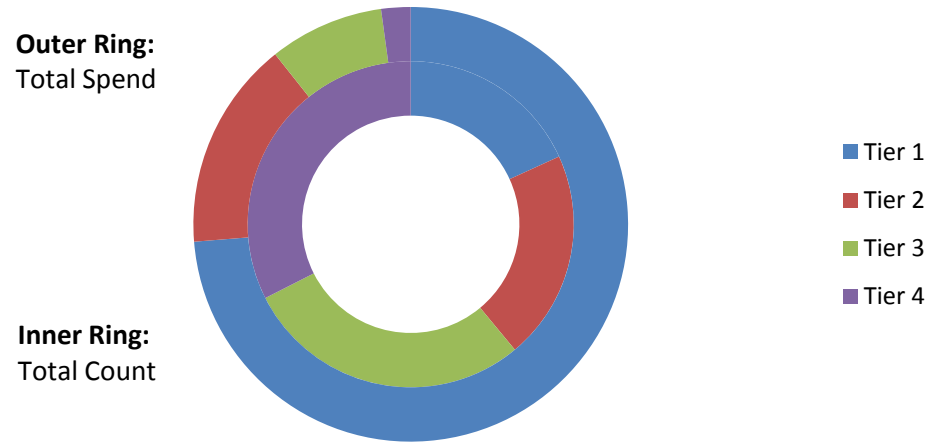
RESULTS - IT STAGE GATE BY THE NUMBERS

Seventy-Eight Projects Proposed with \$51M spanning FY16 & FY17

IT Projects by Spend Category



IT Projects by Project Tier



FY16 AOP Spend Category Alignment	Total Projects Reviewed	Total Requested OPEX	Total Requested CAPEX	Total Requested Budget
Digital	27	~\$18,000	~\$17,000	~\$35,000
GTG	4	~\$5,000	~\$10,000	~\$15,000
Mandatory - Compliance & Regulatory	12	~\$3,000	~\$2,000	~\$5,000
Functional Priorities	18	~\$2,000	~\$2,000	~\$4,000
Productivity	3	~\$1,000	~\$1,000	~\$2,000
IT Tools & Infrastructure	14	~\$1,000	~\$1,000	~\$2,000
Grand Total	78	~\$30,000	~\$30,000	~\$60,000

FY16 AOP Spend Category Alignment	Total Projects Reviewed	Total Requested OPEX	Total Requested CAPEX	Total Requested Budget
Tier 1	14	~\$10,000	~\$10,000	~\$20,000
Tier 2	16	~\$10,000	~\$10,000	~\$20,000
Tier 3	22	~\$5,000	~\$5,000	~\$10,000
Tier 4	25	~\$5,000	~\$5,000	~\$10,000
Grand Total	77	~\$30,000	~\$30,000	~\$60,000

Digital and Manufacturing lead Strategic Alignment in Overall Spend with Finance and IT contributing to Overall Project Count with incremental Functional and Operational capabilities

Heavily oriented toward large-scale On-Premise development with 70%+ of Spend / Resources concentrated in Tier 1 Project Delivery – We do Big Stuff.

BUSINESS VALUE REALIZED

Integrated Financial Management and Project Portfolio Management

- **Operational Excellence** – Focused the efforts of many onto a consistent and regularly executed process for IT Project Identification, Validation and Launch
 - Optimized Scheduling for IT Leadership
 - Consistency in Definition and Decision Making
 - Standard Templates / Repeatable Process / Referenceable Documentation / Consistent Results
 - Process Interlock: BRM Function with Finance / IT Delivery
- **Decision Making** - IT Stage Gate decision on Spend and Resources ‘systematically locked’ into affiliated processes / systems for downstream control
 - AOP – Financial Management: Forecasting and Actuals/ Depreciation
 - Planview – Project Management and Delivery Oversight
- **Process Orchestration** – IT Stage Gate is being leverage to trigger alignment and execution of integral supportive processes according to one overall Operational Framework
 - Enterprise Architecture Review Board (EARB)
 - AOP
 - Project Delivery Excellence
 - Forecasting / Actuals / Accruals
 - Procurement
 - Time Management (Evolving)
 - IT Steering Committee (Future)

THE ROAD AHEAD

Moving from Coordination to Orchestration

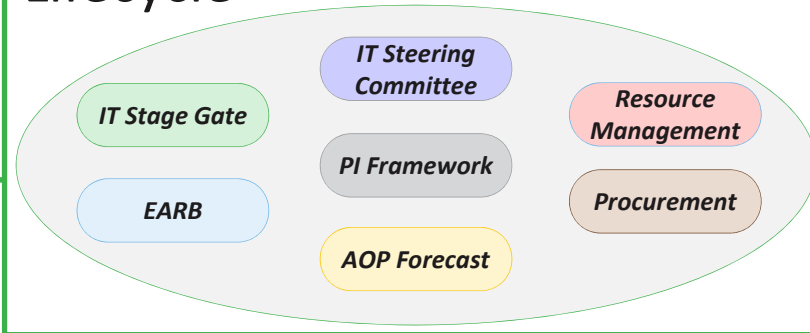
FY16 – Process Stand Up

Focus: Establishing a repeatable process with standard tools and templates with primary emphasis on Project Intake



FY17 – Parallel Integration

Focus: Driving integration and optimization of critical parallel processes that need to work in concert across full Project Lifecycle



Process Domain

IT Stage Gate

IT Leadership

IT PMO

Capacity Management

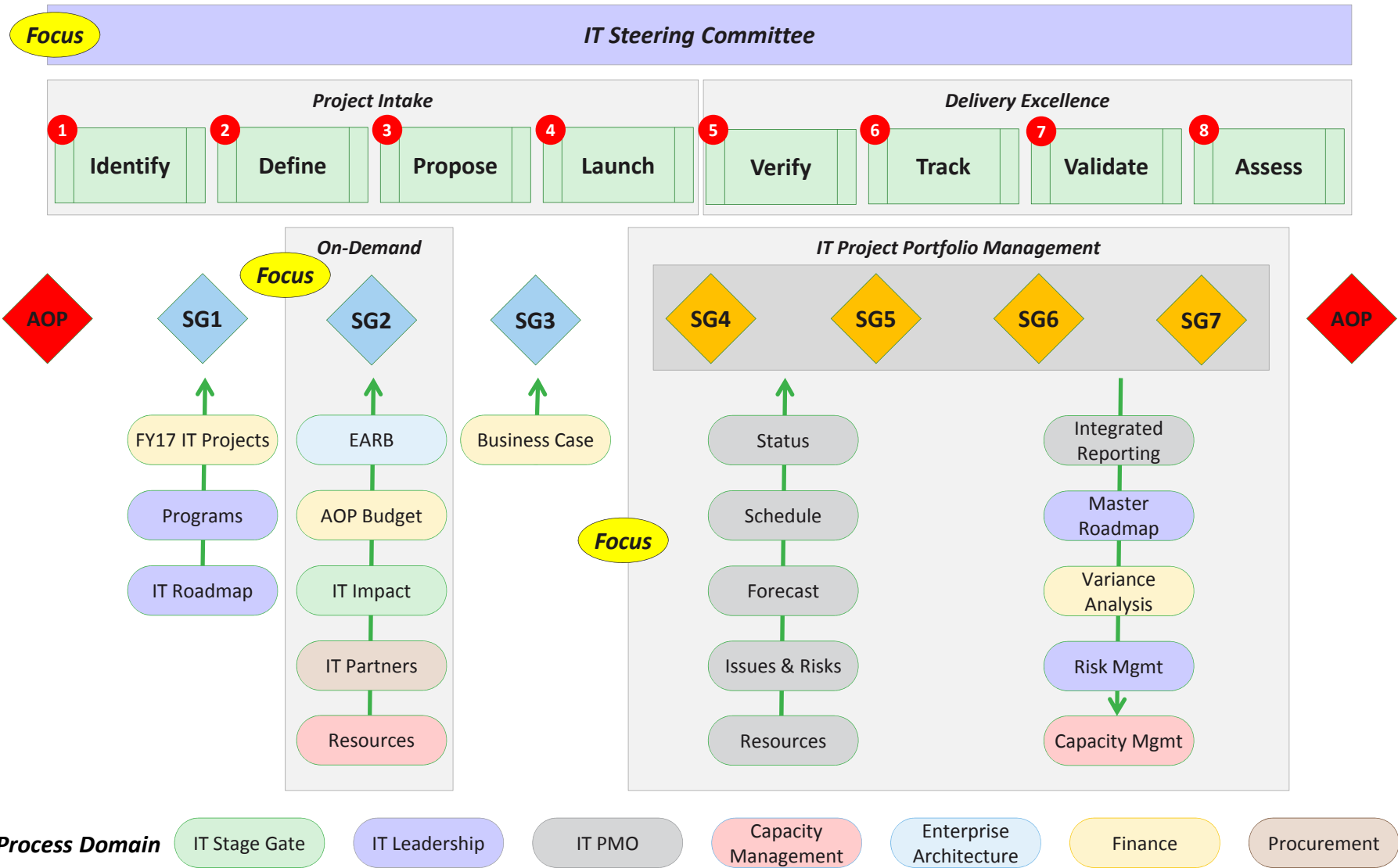
Enterprise Architecture

Finance

Procurement

IT STAGE GATE 2.0 – OPERATING CONCEPT

Orchestration will require a robust Cross-Functional Cadence



FEEDBACK

Where do you have similar Challenges and Experiences?



 IT STAGE GATE
Keurig Green Mountain

